

Status of New Source Review and RECLAIM Transition Issues

(Updated August 14, 2019)

Topic	Issue	Discussion/Recommendation	Status
Transitioning Facilities out of RECLAIM			
Exiting RECLAIM Facilities	U.S. EPA recommended to keep facilities in RECLAIM until adopted and amended command-and-control rules, Regulation XX, and Regulation XIII are approved into the SIP	<ul style="list-style-type: none"> On July 12, 2019, Board approved Rule 2001 amendments to remove the opt-out provisions Facilities will not transition out of RECLAIM until command-and-control rules, Regulation XX, and Regulation XIII are approved into the SIP RECLAIM facilities will be required to comply with landing rules, 12 tpd shave, and Rule 2005 – RECLAIM NSR 	No further action
NSR Applicability for RECLAIM Transition	Is a facility's transition from RECLAIM to command-and-control an NSR event?	<ul style="list-style-type: none"> The transition from RECLAIM to command-and-control is not an NSR event Applicability of NSR requirements <ul style="list-style-type: none"> Rule 2005 applies when in RECLAIM Regulation XIII applies when out of RECLAIM 	No further action
Demonstrations Post RECLAIM			
SIP Commitment for 12 tpd RTC Shave	Can a one-time post-RECLAIM demonstration satisfy Federal CAA 110(l) – SIP commitment for RECLAIM program to achieve 12 tpd shave (RTC allocations in 2022 and beyond will be 14.5 tpd)?	<ul style="list-style-type: none"> Discussed annual programmatic demonstration at March 14 face-to-face meeting Will discuss details of a one-time demonstration at August 2019 face-to-face meeting 	Discussing with U.S. EPA August 2019
On-Going RTC Holding Requirement for Rule 2005	Can a one-time post-RECLAIM demonstration satisfy SB288 state requirements for Rule 2005 NSR on-going holding requirement?	<ul style="list-style-type: none"> Discussed annual programmatic demonstration at March 14 face-to-face meeting Will discuss details of a one-time demonstration at August 2019 face-to-face meeting 	Discussing with U.S. EPA August 2019
2016 SIP Commitment (CMB-05)	<ul style="list-style-type: none"> CMB-05 proposed NOx reductions of 5 tpd by 2025 for facilities in RECLAIM What demonstration is needed for the 5 tpd commitment, if any? 	<ul style="list-style-type: none"> No demonstration necessary for the additional 5 tpd of NOx reductions Reductions will be achieved through implementation of command-and-control rules with an emission standard or concentration limit, not on mass emissions Historically control measures have not required an on-going mass emissions demonstration 	No further action

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NSR Applicability and Offset Calculation for Major Sources			
NSR Applicability Test	U.S. EPA commented that the NSR applicability test for modifications should be based on Baseline Actual Emissions-to-Projected Actual Emissions (PTE may be used in lieu of Projected Actuals)	<ul style="list-style-type: none"> Currently, under Regulation XIII, modifications of major sources is based on PTE-to-PTE Amend Regulation XIII to base the applicability test on Baseline Actual Emissions-to-PTE for major sources Applies to all criteria pollutants Retain PTE-to-PTE for minor sources 	<ul style="list-style-type: none"> Confirming with U.S. EPA August 2019 Discussed with RECLAIM Working Group June 2019
Pre-modification PTE Calculation Methodology for Major Sources	U.S. EPA has commented that federal NSR offsetting requirements for major sources should be based on the difference between Actual Emissions-to-PTE	<ul style="list-style-type: none"> Currently under Regulation XIII, offsetting for modifications of post-NSR major sources is based on PTE-to-PTE Amend Regulation XIII calculation methodology for major sources to use a hierarchy <ul style="list-style-type: none"> If actual is > 80% of PTE or past emission increases were fully offset less than 5 years prior to an application deemed complete, Actual Emissions-to-PTE If not, PTE-to-PTE 	<ul style="list-style-type: none"> Confirming with U.S. EPA August 2019 Discussed with RECLAIM Working Group June 2019

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Offsets Under Command-and-Control (Regulation XIII)			
New Internal Large Source Bank	<ul style="list-style-type: none"> There are insufficient NOx ERCs in the open market to support facilities that transition out of RECLAIM Can a new internal Large Source Bank be used to provide offsets for facilities with ≥ 4 tons of NOx per year? 	<ul style="list-style-type: none"> Staff is proposing to establish a Large Source Bank to ensure sufficient NOx offsets are available post-RECLAIM All former RECLAIM facilities with NOx PTE ≥ 4 tons per year, and all other facilities that do not currently have access to the existing South Coast AQMD Internal Bank, would have access to the new Large Source Bank 	<ul style="list-style-type: none"> Concept initially discussed with U.S. EPA March 2019 Further discussion needed
New Internal Large Source Bank for PM ₁₀	<ul style="list-style-type: none"> Low supply of PM₁₀ ERCs in the open market Potential for increased demand for PM₁₀ offsets as RECLAIM facilities transition out of RECLAIM Can a new internal Large Source Bank be used to provide offsets for facilities with ≥ 4 tons of PM₁₀ per year? 		<ul style="list-style-type: none"> Not yet discussed
Use of Existing Offsets to Seed The New Large Source Bank	<ul style="list-style-type: none"> One concept is to use the existing internal bank to seed the new Large Source Bank Offsets in the existing internal bank have been tracked and discounted according to SIP approved Rule 1315 – Federal New Source Review Tracking System Are there any additional criteria that should be considered for using offsets to seed the Large Source Bank? 		<ul style="list-style-type: none"> Concept initially discussed with U.S. EPA March 2019 Further discussion needed
Annual Thresholds for Use of Offsets from Large Source Internal Bank	Do annual thresholds for the issuance of offsets need to be established?	Rule 1315(g) specifies annual thresholds to ensure the cumulative net emission increases from the issuance of offsets from the South Coast AQMD Internal Bank do not exceed the maximum emissions analyzed	<ul style="list-style-type: none"> Initially discussed with U.S. EPA March 2019 Further discussion needed

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Demand for Offsets Under Regulation XIII			
Defining Major Polluting Facility by Individual Pollutants	Can major polluting facility be defined by individual pollutant thresholds?	Staff is considering adding additional clarity to Rule 1302 and revising the South Coast AQMD BACT Guidelines to define major polluting facility based on exceeding an individual pollutant threshold	Confirming with U.S. EPA August 2019
Offset Exemptions When Complying With An Existing Local, State, or Federal Air Pollution Requirement	<ul style="list-style-type: none"> What pollutants are exempt from offsetting when retrofitting equipment? What replacement scenarios are exempt from offsetting when complying with a BARCT rule? <ul style="list-style-type: none"> Like-for-like replacement Replacement of two or more units with one unit Replacement of one unit with two or more units Replacement of two or more units with two or more units 	<p>Staff recommends that the offsetting exemptions under Rule 1304 (c)(4) and Federal CAA 182 (e)(2) should apply to:</p> <ul style="list-style-type: none"> Co-pollutants associated with retrofitting a unit to comply with a South Coast AQMD rule The following replacement scenarios used to comply with a South Coast AQMD rule, installed at BACT and with no increase in total capacity: <ul style="list-style-type: none"> Like-for-like replacement Replacement of two or more units with one unit Replacement of one unit with two or more units Replacement of two or more units with two or more units 	Discussing with U.S. EPA August 2019
Determining Net Increase Based on Air Quality Modeling	Can air quality modeling be used to demonstrate no net increase?	<ul style="list-style-type: none"> Staff is evaluating the BACT applicability for co-pollutants emitted from the installations and modifications that are needed to comply with South Coast AQMD rules Staff is seeking input from U.S. EPA regarding BACT applicability when accounting for co-benefits based on regional or local air quality modeling (e.g., 0.4 pounds of PM reduced for every pound of NOx reduced) 	Discussing with U.S. EPA August 2019

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Supply of Offsets Under Regulation XIII			
Refining Application of BARCT Discount	<ul style="list-style-type: none"> A BARCT discount is annually applied to the offset balance to satisfy the federal criteria of surplus at the time of use Reevaluation of the BARCT adjustment is potentially needed to establish a more accurate correlation between actual emission reductions and offset discounting 	<ul style="list-style-type: none"> EPA agreed that a re-evaluation of the BARCT adjustment is appropriate, with the possibility of retroactive adjustments South Coast AQMD Staff needs to provide additional information 	<ul style="list-style-type: none"> Initial concept discussed Further discussion needed
Mobile Source Credits	Can mobile source credits supply offsets for the internal banks?		<ul style="list-style-type: none"> Initial concept discussed Further discussion needed
Conversion of RTCs to ERCs	<ul style="list-style-type: none"> Staff is looking into the possibility of converting the RTCs that were originally ERCs at the start of RECLAIM back to ERCs Can ERCs that were converted to RTCs be converted back to ERCs post RECLAIM? 		<ul style="list-style-type: none"> Initial concept discussed Further discussion needed
Inter-pollutant Trading	Could offsets be generated with inter-pollutant trading?		Not yet discussed